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U. S. DEPARTMENT OF AGRICULTURE

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In this issue:
The Foreign Market for
Agricultural Products



Approved by the Outlook and Situation Board, January 18, 1955

SUMMARY

The demand for food and other farm products was maintained at a high level in the final months of 1954. Consumer income and spending rose to record rates in the last quarter of the year. Retail food store sales were up 5 percent from a year earlier and, for 1954 as a whole, totaled 2 percent larger than in 1953. Food prices at retail averaged about the same as in 1953 and total consumption increased. Exports of agricultural products in the July-October period were about 3 percent above a year earlier and are expected to increase further in coming months. Foreign economic activity has risen substantially in the last few years and gold and dollar reserves are at record levels. In addition, the Government has initiated a number of new programs designed to stimulate exports of surplus agricultural products.

Central market prices of most farm products have increased since mid-December and may rise some more in the early months of 1955. Sizable quantities of major commodities are under price support and marketings are tapering off. Under pressure of large stocks and heavy marketings, grower prices trended downward in

(Continued on page 3)

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1953		1954			
		Year	Dec.	Sept.	Oct.	Nov.	Dec.
Industrial production <u>1/</u>							
Total.....	1947-49=100	134	126	124	126	129	130
All manufactures.....	do.	136	127	126	128	131	132
Durable goods.....	do.	153	142	136	139	143	145
Nondurable goods.....	do.	118	112	115	117	118	119
Minerals.....	do.	116	113	108	109	112	116
Total outlay for new construc- tion <u>2/</u>	Million dollars	35,256	2,955	3,157	3,105	3,192	3,262
Residential.....	do.	11,930	981	1,214	1,210	1,228	1,262
Total civilian employment <u>3/</u>	Million	61.9	60.8	62.1	62.1	61.7	60.7
Nonagricultural.....	do.	55.4	55.3	54.6	54.9	55.6	55.3
Unemployment.....	do.	1.5	1.8	3.1	2.7	2.9	2.8
Income:							
Nonagricultural payments <u>2/4/</u> #	Bill. doll.	270.0	269.6	271.1	272.3	273.8	
Production-worker payrolls <u>5/</u>	1947-49=100	151.6	147.2	138.4	139.6	141.3	
Weekly earnings of production- workers in manufacturing <u>5/</u>	Dollars	71.69	72.36	71.86	72.22	73.57	74.12
Durable.....	do.	77.23	77.52	77.39	77.97	79.15	80.15
Nondurable.....	do.	63.60	64.45	65.24	65.07	65.97	66.47
Prices:							
Wholesale prices, all com- modities <u>5/</u>	1947-49=100	110	110	110	110	110	110
Commodities other than farm and food.....	do.	114	115	114	114	115	115
Farm.....	do.	97	94	94	93	93	90
Food, processed.....	do.	105	104	106	104	104	103
Prices received by farmers <u>6/</u>	1910-14=100	258	254	246	242	244	239
Crops.....	do.	242	238	247	243	244	241
Livestock and products.....	do.	273	269	245	242	243	237
Prices paid, interest, taxes and wage rates <u>6/</u>	1910-14=100	279	278	280	279	279	279
Items used in living.....	do.	270	270	273	273	272	272
Items used in production....	do.	253	249	251	250	251	250
Parity ratio.....		92	91	88	87	87	86
Consumer price index <u>5/</u>	1947-49=100	114	115	115	114	115	
Food.....	do.	113	112	112	112	111	
Government purchases of goods and services <u>2/ 7/</u> ...	Billion dollars	85.2		75.6			
Federal (Less Government sales)	do.	60.1		47.9			
State and local.....	do.	25.1		27.7			

Annual data for the years 1929, 1932 and 1935-53 appear on page 31 of the April 1954 issue of the Demand and Price Situation.

1/ Federal Reserve Board.

2/ U. S. Department of Commerce.

3/ Bureau of the Census.

4/ Monthly totals seasonally adjusted at annual rates.

5/ U. S. Department of Labor, Bureau of Labor Statistics.

6/ U. S. Department of Agriculture, Agricultural Marketing Service.

7/ Quarterly totals seasonally adjusted at annual rates.

Revised series.

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1954 and in the final quarter averaged about $3\frac{1}{2}$ percent below a year earlier. The index of prices paid by farmers was slightly above a year earlier and the parity ratio, at 87, was 4 points below the last quarter of 1953.

In response to record income, consumer buying increased rapidly during the late months of 1954. Retail sales in the October-December period totaled 4 percent above a year earlier with much of the gain due to increased sales by apparel and food stores. Construction activity increased further in the last quarter while business outlays for new plant and equipment continued to ease downward. The early introduction and sharply increased output of 1955 model automobiles contributed to expanded output of steel and other products and was largely responsible for the sharp rise in industrial production in the final months of 1954. With the rise in output, business inventories apparently were more stable in the fourth quarter than in the preceding quarter when stocks were liquidated at an annual rate of 5 billion dollars.

Indications for the next few months point to a high level of economic activity. Record starts of new homes and increased building contract awards virtually assure a large volume of construction. Auto and steel output are scheduled around advanced December rates. Rising consumer income is expected to support a strong consumer demand for goods and services. The new budget estimates for 1955-56 presented by the President to Congress suggest little change in National Security spending from current rates. A further gain is in prospect for expenditures by State and local Governments.

Commodity Highlights

Cattle slaughter this winter is expected to be very nearly as large as last winter. The current wide price spread between top and lower grades is expected to narrow as prices of fed cattle decline seasonally and prices for grass cattle increase during late winter and early spring. As marketings taper off prices of hogs will likely show a seasonal recovery from the January low, but will be below the unusually high prices of a year ago. The seasonal increase in lamb prices in coming months may not equal that of last winter. Production of milk in early 1955 was about equal to the record of a year earlier and prices of dairy products in December and early January were slightly below year-earlier levels. Broiler prices rose sharply in late December and early January in response to smaller supplies. Egg prices drifted slightly lower after mid-December as supplies increased seasonally. Despite a record crop soybean prices so far this crop year have been well above support due to a strong export and domestic demand. Reflecting the reduction of one-third in production from a year ago, peanut prices increased sharply during the current crop year and are well above year ago levels. Flaxseed prices continue near support levels while those of cottonseed have remained above. Despite the record supply of 181 million tons of feed concentrates estimated for the 1954-55 feeding season, the general level of feed prices this winter is about the same as a year ago. Prices of corn and a number of other feeds strengthened in late December and early January in response to smaller marketings. Cash wheat prices are currently near the highest levels for the season to date and, despite the record supply, are above year-earlier levels. Supplies of oranges and apples are larger than a year ago; domestic and export demand for fruit continues strong. Production of commercial vegetables for fresh market sale this winter is expected to total 5 percent smaller than a year earlier based on indications as of January 1. Grower prices for winter-harvested fresh vegetables are expected to at least equal those for the comparable 1954 crop. Potato supplies will remain below those of a year earlier at least until early spring. Prices received by growers in the next few months are likely to continue well above those in the winter of 1954. A normal season rise in prices of sweetpotatoes from current levels is expected. The 1954-55 cotton supply is estimated at about 23.3 million bales. Disappearance is expected to total about 13.5, indicating some increase in carryover from the 9.6 million bales in August 1954. Market prices of cotton this season have been above those of 1953-54 in every month. Boston quotations for most domestic wool descriptions in early January were about the same as a month earlier but about 10 percent below a year earlier. A large proportion of the 1954 Burley tobacco crop has been marketed and through mid-January, auction prices averaged somewhat less than in the comparable period of last season.

TRENDS IN GENERAL BUSINESS ACTIVITY

Economic activity in general picked up more than seasonally in the final months of 1954. Industrial production rose rapidly from September to December reflecting primarily increased steel output and the early introduction and sharply expanded output of new model automobiles. Construction

activity continues a major support to the economy with expenditures for residential construction in the last quarter a fourth above a year earlier and total construction outlays 9 percent higher. Business outlays for new plant and equipment eased downward again in the final quarter of 1954. Retail sales, after adjustment for seasonal factors, increased 8 percent from October to December and totaled in the last quarter 4 percent above a year earlier.

Investment Demand Higher

Total business investment spending rose in the last quarter of 1954 due primarily to a change in business investment in inventories. Stocks were liquidated at an annual rate of nearly 5 billion dollars in the third quarter of 1954. But as inventories of autos, steel, and other durable goods began to rise, total business inventories increased slightly more than usual from October to November. Construction activity rose a little from the record third quarter rate and with the gain in housing starts and construction contract awards, a high level of building activity is assured in coming months. Business outlays for new plant and equipment continued to ease downward in the last quarter of 1954 and may drift further in the early months of this year according to business plans reported in November to the Securities and Exchange Commission and the Department of Commerce. Investment plans for the first quarter indicated small declines for all major industrial groups except transportation and the commercial and other group which includes construction, trade, service, finance, and communication industries.

Record Construction Activity

A Strong Support

Construction activity, at about 9 percent above the last quarter of 1953, continued a major support to economic activity in the late months of 1954. A gain of a fourth in residential construction accounted for most of the increase. With increased supplies of investment funds and the easing of financing terms under the Housing Act of 1954, new home starts rose from a seasonally adjusted annual rate of less than 1.2 million in July to nearly 1.5 million units in December. Government underwritten residential loans picked up sharply after July, due mostly to gains in VA-guaranteed loans.

Although construction outlays for commercial facilities were maintained about 5 percent above the last quarter of 1953, expenditures for the stores, restaurant, and garage group and outlays for industrial construction were below the late months of 1953. Public construction outlays in recent months were slightly below the last quarter of 1953. Larger outlays for highways, schools, hospitals, and sewer and water facilities were offset by reduced public expenditures for residential building, industrial construction, and other public service enterprises.

The rise in construction activity has contributed to increased production of building materials since mid-1954. The Bureau of Labor Statistics' composite index of production in October was up about 13 percent after seasonal adjustment, from a low in July. The Federal Reserve Board's index of production of the clay, glass, and lumber group rose 14 percent from July to December. Construction costs also have increased a little in recent months reflecting slightly higher prices for building materials and a continued gradual rise in wage rates of construction workers.

Building activity will continue to decline seasonally in coming months but a high level for the period is assured. New housing starts in the last quarter were at a high seasonally adjusted rate of 1,364,000 units. Contract awards for residential construction in October and November, up moderately from earlier months, were more than a third above the latter part of 1953. Contracts for public works also rose in 1954 and toward the end of the year totaled about one-fourth above a year earlier.

Government Demand

Government expenditures for goods and services apparently declined slightly further in the last quarter of 1954. Information available for October and November indicate a further rise in outlays by State and local Governments but a small decline in expenditures for National security programs. Federal outlays for security programs dropped 14 billion dollars from the peak second quarter of 1953 to an annual rate of 42 billion in the third quarter of 1954. They apparently continued to decline in the final months of last year but at a slower rate. Expenditures by State and local Governments for services, new construction, and other goods apparently are continuing the steady uptrend of recent years.

New budget estimates for 1955-56 presented by the President to the Congress on January 17, 1955 provide for budget expenditures of 62.4 billion dollars. This compares with 63.5 billion estimated for fiscal 1954-55. Proposed National security expenditures total 40.5 billion dollars which compares with 40.6 billion estimated for fiscal 1954-55. Budget receipts are estimated at 60 billion dollars in fiscal 1955-56 and 59 billion in 1954-55. With reduced expenditures and higher receipts, budget deficit estimates are reduced from 4.5 billion in fiscal 1954-55 to 2.4 in 1955-56.

Consumer Purchases Rise

Supported by record income after taxes, consumer purchases of goods and services rose to a new high in the last quarter of 1954. Retail sales, after adjustment for seasonal differences, increased more than 8 percent from October to December reflecting to a considerable extent substantially increased sales of automobiles.

For the final quarter, sales totaled about 2 1/2 percent above the third quarter and were 4 percent larger than the last quarter of 1953. Increases over a year earlier were reported for all major groups but most of the gain was due to larger sales by retail food stores, gasoline service stations and apparel stores. Although auto sales increased sharply in November and December, the last quarter was only moderately above a year earlier. Retail sales for the year as a whole totaled about the same as in 1953.

Sales by apparel stores in 1954 were down 1 percent from 1953 but food store sales totaled 2 percent larger. Retail food prices and per capita incomes averaged about the same as in 1953. Per capita food consumption

according to preliminary estimates, was slightly above 1953 and, with a 1.7 percent growth in population, the increase in consumption totaled about the same as the rise in sales by retail food stores.

Incomes Higher

Personal income increased 1.3 billion dollars from October to an annual rate of 287.6 billion in November, the highest level of the year. The rise from October was due to a gain in wage and salary disbursements. Increased nonagricultural employment and slightly higher weekly earnings contributed to the increase. Other changes were minor and offsetting. Transfer payments, which had increased sharply in the first 9 months of 1954, were down slightly in November as rising employment reduced unemployment insurance benefits. With tax rates down from last year and personal income in October and November almost equal to the levels of a year ago, disposable income in the last quarter of 1954 probably was up somewhat from the record rate of 253.2 billion dollars reported for the third quarter.

Total consumer credit outstanding, continuing the gradual uptrend of recent months, increased 234 million dollars during November. Installment credit outstanding rose 62 million dollars over the month but the rise was much less than the increase of 141 and 350 million in November of 1953 and 1952, respectively. Extensions of automobile credit rose slightly, after seasonal adjustment, reflecting increased sales of new-model automobiles.

Output and Employment

Rising output of automobiles, steel and related products was largely responsible for the rapid increase in industrial production during the last quarter of 1954. The Federal Reserve Board index of industrial production rose to 130 (1947-49=100) in December, up 6 points from September and apparently continued to rise slowly in early January. Output is currently above year-earlier levels.

Production of durable goods rose rapidly from September to December. More than 640 thousand passenger cars were assembled in December compared with nearly 510 thousand in November and around 230 thousand in October. Assemblies are scheduled at about the December rate for the first 3 months of this year. Steel output rose abruptly to 82 percent of capacity in mid-December and was back near that level following the holiday slow down. Output of clay, glass and lumber products increased in response to record construction activity and in the last quarter totaled 6 percent above a year earlier. Production of major household appliances and furniture also increased in the latter half of 1954.

Output of nondurable goods picked up during the last quarter of 1954 and in December was at 119 (1947-49=100), compared with 115 in September. Most of the recent gain was in textiles and apparel, rubber and leather products and petroleum and coal products. Increased output of crude oil and gas contributed to a rise in the minerals group pushing the index to 116 in December from 108 in September.

Employment Declines Seasonally

Total employment declined by about a million workers from November to December largely because of seasonal reductions in farming, construction and other outdoor activities. December employment of 60.7 million totaled about the same as a year earlier with both agricultural and nonagricultural employment very close to a year earlier. The employment drop in December had little effect on unemployment because of a reduction in the labor force. Contrary to the usual trend, unemployment declined slightly to 2.8 million in December.

Except for seasonal changes, output and employment are likely to continue high in the next few months. However, the number of persons out of work is expected to increase seasonally.

Commodity Prices Steady

Prices in general have changed little in recent months. Consumer prices at retail have eased slightly since mid-year in both urban and rural areas. Lower prices for food and reduced transportation charges were largely responsible for the decline in urban areas. Average wholesale prices, fairly steady in recent months, firmed slightly in late December and early January with moderate gains in central market prices of farm and industrial products.

Table 1.- Indexes of wholesale commodity prices, selected groups, January 11 with comparisons

(1947-49=100)						
Group	:	:	:	:	Jan. 11, 1955	
	:	:	:	:	percentage	
	:	:	:	:	change from	
	:	:	:	:	Dec. 14, 1954	Jan. 1954
	Jan. 11, 1955	Dec. 14, 1954	Jan. 1954			
All commodities	110.0	109.4	110.9	0.5	-0.8	
Farm	92.7	90.2	98.7	2.8	-6.1	
Food, processed	103.7	103.4	106.2	.3	-2.4	
Other than farm and food	115.0	114.7	114.6	.3	.3	

Farm Product Prices

The index of prices received by farmers declined 5 points (2 percent) during the month ending December 15. Lower prices received for hogs, cotton, milk, lettuce, and eggs were primarily responsible for the decline. Price increases for feed grains, hay, sweetpotatoes, butterfat, and calves only partially offset these reductions. Compared with a year earlier, the prices received index, at 239 (1910-14=100) was down 15 points or 6 percent. Crop prices have shown the most strength this year and in mid-December averaged about 1 percent above a year earlier. Prices of livestock and products, however, averaged 12 percent below December 1953, with lower prices for hogs and eggs accounting for much of the decline.

Table 2.- Indexes of prices received and paid by farmers,
December 15, 1954 with comparisons

(1910-14=100)					
Group	:	:	:	: December 15, 1954	
	: Dec. 15,	: Nov. 15,	: Dec. 15,	: percentage change from	
	: 1954	: 1954	: 1953	: Nov. 15,	: Dec. 15,
	:	:	:	: 1954	: 1953
Prices received, all farm products	: 239	: 244	: 254	-2	-6
Crops	: 241	: 244	: 238	-1	1
Food grains	: 239	: 239	: 230	0	4
Feed grains and hay	: 202	: 199	: 205	2	-1
Cotton	: 276	: 281	: 260	-2	6
Tobacco	: 430	: 438	: 427	-2	1
Oil-bearing crops	: 279	: 277	: 269	1	4
Fruit	: 207	: 206	: 237	<u>1/</u>	-13
Commercial vegetables for fresh market	: 216	: 237	: 224	-9	-4
Potatoes, sweetpotatoes and dry edible beans	: 183	: 182	: 145	1	26
Livestock and products	: 237	: 243	: 269	-2	-12
Meat animals	: 257	: 266	: 285	-3	-10
Dairy products	: 264	: 266	: 282	-1	-6
Poultry and eggs	: 156	: 159	: 218	-2	-28
Wool	: 285	: 289	: 293	-1	-3
Prices paid, interest, taxes and wage rates	: 279	: 279	: 278	0	<u>1/</u>
Items used in living	: 272	: 272	: 270	0	1
Items used in production	: 250	: 251	: 249	<u>2/</u>	<u>1/</u>
Parity ratio	: 86	: 87	: 91	-1	-5

1/ Less than 0.5 percent increase.2/ Less than 0.5 percent decrease.

Central market prices of major agricultural products averaged higher over the month ending mid-January. Largest increases were reported for broilers at Del-Mar-Va, up 66 percent, and for slaughter cows at Chicago, up 12 percent. Prices of most other livestock and livestock products declined slightly. Rye prices (No. 2 at Minneapolis) were up 12 percent but prices of most other crops were unchanged or down slightly. The ten-market average of cotton prices was down slightly from mid-December.

Prices Paid Remain Unchanged

For the second consecutive month the index of prices paid by farmers for commodities, interest, taxes and wage rates remained unchanged at 279, up 1 point from a year earlier. With farm product prices down and prices paid unchanged from a month earlier, the parity ratio dropped to 86, the lowest since March 1941.

Lower prices for farm production items reduced the index of prices paid by farmers for commodities and services one point over the month ending mid-December; a decline in prices of feeder cattle was largely responsible. Retail prices of commodities used for family living in rural areas averaged unchanged from November to December. Prices paid for food, clothing, and household furnishings held steady.

FOREIGN MARKET FOR AGRICULTURAL PRODUCTS

The scramble for agricultural commodities which followed the outbreak of hostilities in Korea boosted U. S. agricultural exports to a record 4.1 billion dollars in the year ending June 1952. With the sharp decline in foreign sales of cotton and wheat, total exports dropped by about 30 percent in 1952-53 but recovered slightly in the year ending June 30, 1954. The sharp drop in foreign demand which began in late 1952 reflected increased foreign production of major U. S. export commodities, excessive foreign stock accumulation, aggressive selling by competing exporting countries, and limited foreign supplies of dollar exchange.

Exports Increasing

Exports of farm products have continued to increase moderately during the current fiscal year in response to an active foreign demand, an improved payments position which made this demand effective, continued large-scale U. S. aid and other foreign expenditures and competitive prices for a number of commodities. For the first 4 months of the current fiscal year the value of all agricultural exports was 3 percent above a year earlier. (See table 3.)

Table 3.- U. S. agricultural exports, July-October 1954
and percentage change from July-October, 1953

Item	Unit	1954		Percentage change from 1953	
		Quantity	Value	Quantity	Value
			Mil. dol.	Pct.	Pct.
Wheat and flour	Mil. bu.	72	125	-12	-31
Cotton	1,000 bales	1,010	183	33	38
Tobacco	Mil. lb.	199	138	10	17
Corn	Mil. bu.	21	38	-50	-49
Rice, milled	Mil. lb.	317	26	-28	-42
Lard and tallow	Mil. lb.	500	52	-1	41
Other		---	345	---	17
Total		---	907	---	3

Exports are expected to rise further in coming months and may total in 1954-55 about a tenth above the previous fiscal year. Exports of wheat may increase so much as 15 percent; the large European stocks are of poor quality and substantial amounts of wheat are expected to move under support programs. Cotton exports in 1954-55 may be around a fifth larger than last year reflecting record foreign mill consumption and reduced stocks in foreign consuming countries, while tobacco exports may increase as much as 10 percent. Both cotton and tobacco are benefitting from a relaxation of trade and exchange controls abroad. In the case of fats and oils, overall exports are expected to continue high as a result of the strong demand for soybeans and edible oils. Relatively large supplies and low prices for lard and tallow will contribute to large exports of these commodities. Exports of fruits to Europe should also benefit from freer trading conditions, while shipments of surplus dairy products donated for foreign relief will be larger. Corn exports are expected to remain at about last year's level as Europe will feed low-quality wheat and Argentine marketings will remain high. With larger U. S. crops of barley and grain sorghums, exports are expected to increase. Rice exports are likely to be as large as in 1953-54.

World Food Supplies Continue Large

In its recent survey of the World Agricultural Situation, the Foreign Agricultural Service reports world crop production in 1954-55 lower than in 1953-54, but production of livestock products has continued to new high levels and the increases nearly offset the crop decline. Larger carryovers of several major commodities more than offset the drop in crop production, bringing total food supplies above last year and per capita supplies almost to last year's level.

The foreign supply situation is one of the major factors affecting the demand for U. S. farm products. Production of grains, pulses, citrus and dried fruits, outside of the United States, is lower than a year earlier but larger carryovers of wheat and rice offset much of the decline for these commodities. Foreign production of cotton, tobacco, and fats and oils is larger than in 1953-54 but stocks of these commodities are near minimum working levels.

Foreign Demand Stronger

Favorable demand factors include high levels of foreign economic activity and record gold and dollar reserves. Western European industrial production in the first 3 quarters of 1954 was 8 to 9 percent above 1953 and more than a third above 1949 with substantial increases for all countries. 1/ The gold and dollar

1/ While a high level of foreign industrial activity is a favorable demand factor, export problems arising from the need to find markets for the expanded industrial output of Europe has strengthened the tendency toward bilateralism in some countries.

reserves of free world foreign countries totaled 24.2 billion dollars by the end of September 1954, nearly 2 billion above a year earlier and 9 billion or 60 percent above 1949. Over half of the increase from 1949 (\$4.6 billion) took place between June 1952 and June 1954, with most countries outside of Asia sharing in the improvement. Western Europe as a whole, but notably Germany, continued the accumulation of reserves in the third quarter of 1954.

Table 4.- Estimated gold and dollar holdings of free world foreign countries

Area	Holdings	Change since		
	Sept. 30, 1954	Sept. 30, 1953	Dec. 31, 1949	
	Mil. dol.	Mil. dol.	Mil. dol.	
Continental Western Europe	11,104	1,602	4,918	
Sterling Area	4,412	342	1,689	
Latin American Republics	3,660	- 48	604	
Canada	2,537	245	1,172	
Asia (excl. sterling area)	2,153	-271	644	
All other	289	8	149	
Total	24,155	1,878	9,176	

Board of Governors of the Federal Reserve System.

A number of countries have now reached a point where dollars acquired in their transactions with the United States and other areas are being devoted to meet current expenditures and to reduce foreign indebtedness, rather than being added to reserves. In some member countries of the Organization for European Economic Co-operation (OEEC), where increased economic activity accompanied an improvement in the balance of payments and reserve positions, considerable progress was made in dismantling discriminatory import restrictions imposed against dollar goods. Most sterling area countries have increased their dollar allocations for imports. Generally, foreign administrative regulations are being imposed less stringently than before on imports of our major farm commodities.

New Government Programs To Stimulate Exports

A number of new government programs, designed to stimulate exports of surplus U. S. commodities are in operation in the current marketing year. While the combined effect of these new programs should be substantial, the increased value of farm exports during July-October is attributable to other factors. Under provisions of the Mutual Security Act of 1954 (Section 402, PL 665), 350 million dollars was provided for the sale of surplus commodities for foreign currencies. Of this total, 103 million dollars had been authorized for procurement by the end of 1954. The Foreign Operations Administration has estimated that of the 350 million dollars, 50 percent will be used for cotton, 30 percent for grains and 15 percent for fats and oils.

Title I of the Agricultural Trade Development and Assistance Act (PL 480) also provides for the sale of surplus agricultural commodities for foreign currencies. Shipments under this program are beginning in January. Programs totaling 453 million dollars (CCC investment) are being developed for the current fiscal year. Those announced thus far (Yugoslavia, Turkey, Pakistan and Japan) have an approximate export value of 180 million dollars. In the President's report on this program it was estimated that during the current year grains will account for 43 percent of the export market value of the commodities sold, cotton for 28 percent, tobacco for 14 percent and other commodities for 7 percent.

Relief shipments under Title II of the Agricultural Trade Development and Assistance Act will probably total 150 million dollars during the fiscal year. Programs authorized thus far, including Danubian flood relief and Christmas Gift Packages total 68 million dollars, of which 52 million is for grains and 10 million for fats. In addition, during the second half of 1954 the Department of Agriculture approved for foreign donation through U. S. private welfare agencies and UNICEF surplus commodities valued at 66 million dollars--nearly as much as authorizations for the 1953-54 fiscal year. These commodities donated for foreign relief under Section 416 of the Agricultural Act of 1949, as amended, consist largely of dairy products but include cotton-seed oil and shortening.

Actual exchanges under the barter authority provided by Title III of the Agricultural Trade Development and Assistance Act have been small but during the last 6 months of 1954 barter activity has increased substantially. From the inception of the barter program to June 30, 1954, agricultural commodities valued at approximately 110,000,000 dollars were exchanged for strategic and foreign aid program materials. In the last half of 1954, about 93 million dollars of agricultural commodities (largely wheat) were committed for barter against strategic and critical materials as well as materials, goods, and equipment needed for foreign economic and military assistance programs.

The Export-Import Bank approved a loan in mid-June of 15 million dollars to Brazil for the purchase of U. S. wheat, and in July it approved a loan of 60 million to Japan for the purchase of U. S. cotton. Disbursements under these loans through November totaled 18 million dollars.

FARM INCOME

Farmers' cash receipts from marketings in December are tentatively estimated at 2.7 billion dollars, down 17 percent from November and 8 percent below a year ago. Receipts from livestock and livestock products were approximately 1.3 billion dollars, 12 percent below November and 9 percent below December a year ago. Total crop receipts in December, estimated at 1.4 billion dollars, were down 20 percent from November and 7 percent below the year ago level.

Adding this tentative estimate for December to the previously published estimates of cash receipts through November gives a preliminary total of 30 billion dollars for 1954 cash receipts. This total is down 4 percent from 1953. However, it is subject to revision next month when more information on monthly marketings in 1954 will be available.

LIVESTOCK AND MEAT

Cattle slaughter failed to increase during the fall of 1954 as in most years. The let-up probably ushered in a period of comparative stability in slaughter for the next year or so. Prices of cattle, while fluctuating grade by grade, also may show little change on the average in the next year or so.

Slaughter of cattle and calves in 1954 apparantly totaled about 39.4 million head, 7 percent more than 1953 slaughter. Cattle slaughter was up 6 percent and calf slaughter, 9 percent.

Cattle slaughter this winter is expected to be nearly as large as last winter. It probably will include about as many cows, fewer grass steers, and as many or more fed steers as last winter. On January 1, 8 percent more cattle were on feed than a year before. However, for several weeks the supply of highly finished fed steers will continue seasonally short, and the price spread between top and lower grades will likely remain wide. The spread is expected to narrow as prices for fed cattle decline seasonally and prices for grass cattle increase during late winter and early spring.

Prospects are for cattle prices to average about as high this year as last. Demand for beef has displayed consistent strength and is expected to continue strong. Although the supply of fed beef will be fully as large, the total beef supply may not be quite equal to last year.

The fall pig crop increased 16 percent over the 1953 fall crop. A further increase of 5 percent in 1955 spring farrowings was planned by farmers on December 1. Hog slaughter will be up most from last year in the spring and least in the fall. For the next 2 months or so prices of hogs will likely show a seasonal recovery from the January low. However, through the spring they will be considerably below the unusually high prices of a year ago. Hog prices are not likely to decline next summer as they did last summer, and in the fall may not be down greatly from the comparable prices of the past fall.

Prices of lambs have been fairly steady since August. Their seasonal increase this winter may not equal that of last winter, when a sharp rise was followed by an even sharper spring decline.

DAIRY PRODUCTS

Production of milk in the United States in early 1955 may be about equal to the record of a year earlier. With normal weather this year total output may about equal the 124 billion pounds produced in 1954. Production in December 1954, 8.8 billion pounds, was 1 percent below the record for that month set in 1953.

With milk production in early 1955 running near a year earlier and fluid consumption somewhat higher, less milk has been available for manufacturing. Price-support purchases in the first two weeks this year were considerably lower than in corresponding periods of either of the two preceding years. Increased

purchases are likely later as milk production continues to increase seasonally. However, the excess supply for 1955 as a whole is not likely to be as great as in either 1953 or 1954. In recent months, CCC inventories of dairy products have been reduced considerably since purchases have been seasonally smaller and utilization in a number of outlets has increased.

Dealer and retail prices for fluid milk in some markets have declined seasonally but now average about the same as a year earlier. With continued strong demand, consumption of fluid milk in 1954 apparently increased slightly over 1953.

Butter is the only manufactured dairy product to show an increase in price as a result of the seasonal declines in the supply of manufacturing milk. The price of butter increased about 3 cents per pound over the equivalent of support in late fall-early winter but has since declined. Otherwise, the decline in the supply of manufacturing milk was reflected mainly in smaller purchases of products by CCC. Prices of dairy products at all levels of distribution in December and early January were slightly below a year earlier. Dairy product feed price ratios were considerably less favorable to dairymen than a year earlier.

The United States Department of Agriculture announced on January 12 the offer of 10 million pounds of CCC-owned butter for sale on a competitive bid basis for commercial export. Offers will be considered beginning January 24, 1955, until this quantity of butter is sold or the program is terminated. No additional butter will be sold on this basis before March 1, 1955.

The Secretary of Agriculture has announced that current dollars-and-cents support prices for manufacturing milk and butterfat and current buying prices for butter, cheddar cheese, and nonfat dry milk will be continued through the 1955-56 dairy marketing year which begins April 1.

POULTRY AND EGGS

Broiler prices rose sharply in the last few days of December, and in early January, when they were 22 to 25 cents in most areas compared with 17 to 20 cents a month earlier. Although prices to growers were unfavorable during most of 1954, significant cut-backs in chick placements did not occur until about September or October. In late December, the smaller broiler supplies were reflected in the markedly higher prices.

Reports from principal markets indicate large sales of turkeys in the last 2 months of 1954. The total 1954 crop was 9 percent larger than 1953, and storage holdings November 1 were 12 percent above a year earlier, but by January 1 the storage stocks were only 1 percent larger than the year earlier. This indicates a markedly higher November-December consumption than in 1953. U. S. average turkey prices received by farmers were 28.8 cents per pound in mid-November and 29.4 cents in mid-December, lower than in any of the 12 preceding years.

A survey of farmers' January intentions to raise turkeys in 1955 indicates no change from 1954 in the number of heavy-breed birds to be raised, and an 11 percent decline in the prospective number of Beltsville and other small-breed birds to be raised. For all turkeys, the change from 1954 averages to a 4 percent decline.

Culling of egg-laying flocks proceeded at a faster rate last fall than in past years. The National laying flock, which on October 1 was 8 percent larger than in 1953, was on January 1 about 1 percent above a year earlier. The decline relative to last year is greater than seemed likely last fall. Consequently, egg production this spring is likely to be smaller than expected earlier, though still larger than last year through February, and probably about up to last year's level during the flush months of March and April.

In mid-December, average egg prices received by farmers were 32.7 cents per dozen, compared with 33.9 the month before, and 48.5 a year earlier. Since then, most egg prices have drifted slightly lower. Even after allowance for prospective movement into storage and for the increased springtime use of eggs by hatcheries, the supply of eggs for consumption will increase in the next 2 or 3 months.

On December 31, the Department of Agriculture announced an intention to buy approximately 2 million pounds of stabilized dried whole egg solids for distribution through the National School Lunch Program. Through January 18, no purchases had yet been made under that announcement.

OILSEEDS, FATS AND OILS

Despite the record crop, soybean prices so far this crop year have been well above support, reflecting a slow movement of the crop to market and strong export and domestic demand. Exports of beans in October-December 1954 are estimated at a record of about 28 million bushels, 4.5 million more than a year ago. Prices of soybean meal have increased moderately since the beginning of the crop year but are currently lower than a year earlier. Total supplies of high protein feeds per consuming animal unit are about the same as a year ago.

Prices received by farmers for cottonseed also have averaged above support, reflecting reduced supplies, and good demand for the products. Tenderings of cottonseed products to the CCC under the support program for cottonseed have been comparatively small. CCC has sold large quantities of cottonseed oil for export. The Corporation now owns less than 300 million pounds of cottonseed oil compared with about 650 million on October 1, 1954.

Prices for flaxseed continue near support as the crop is well in excess of estimated commercial use. Flaxseed equal to about half the expected excess was placed under support programs by December 15. Farmers can continue to place flaxseed under the support program through January 1955.

Peanut prices have increased sharply during the present crop year, reflecting the 34 percent reduction in the crop. Early in January, the Tariff Commission held hearings to determine whether the import quota should be increased to compensate for the reduced domestic supply. At present, imports of peanuts are limited to 1.7 million pounds for the year.

Lard prices have declined with heavy marketings of hogs and high yields of lard per animal slaughtered. Prices of lard have been below those for soybean oil for the first month since June 1953. Prices of the major edible oils have changed little since the start of the present marketing year.

CORN AND OTHER FEED

A record supply of 181 million tons of feed concentrates is estimated for the 1954-55 feeding season, 5 percent larger than in 1953-54. Even after allowing for an increase in grain-consuming livestock, the supply per animal unit is a little larger than last year and close to the 1949-50 record. Heavier disappearance is expected in 1954-55, but the total carryover of feed grains into 1955-56 probably will equal the record of about 32 million tons this year. While the corn supply is 2 percent smaller than last year, the supply of oats is up 15 percent, barley up 42 percent, and the sorghum grain supply is nearly double that of 1953-54.

Prices of feed grains have strengthened this fall and winter, in spite of the larger supplies. A factor has been the heavy movement of 1954 crops of feed grains under price support and the large stocks of old corn in CCC hands. Through December 15 a record of 61 million bushels of oats and 85 million bushels of barley and a near-record of 77 million of sorghum grains had been placed under loan and purchase agreement, from the 1954 crops. On the other hand, the quantity of corn placed under price support, was much smaller than a year earlier. This reflects later harvesting of the smaller 1954 crop, which is expected to fall a little below total requirements, and also the fact that not all producers are eligible for loans. A survey by the Department of Agriculture revealed that about 40 percent of the producers in the commercial area planted within their 1954 acreage allotments and were eligible for price supports.

The general level of feed prices this winter is about the same as a year ago. Prices of corn and a number of other feeds strengthened in late December and early January, at least partly as a result of seasonally declining receipts of corn at primary markets. Corn prices this winter are again much below the support level of \$1.62 per bushel to eligible producers in the commercial corn producing area. In December and the first half of January market receipts of corn were a little heavier and prices slightly lower than a year earlier. There has been a much greater spread between prices of the upper and lower grades this year than last, reflecting heavier marketings of low quality corn. Prices of soybean meal, tankage, and meat scraps in early January were lower relative to prices of other protein feeds than a year ago.

WHEAT

Cash wheat prices are near the highest levels for the season to date, with prices of spring wheat and soft red winter having advanced above the low points in June by more than 40 cents. The average price received by farmers in mid-December was \$2.12, unchanged from a month earlier, but the third highest mid-December average since 1919. The strength in prices reflects the

relatively small "free" supplies, especially of better quality wheat, because of large holdings under price support programs. On December 15, 351 million bushels of 1954-crop wheat were under price support and the total will be larger when the program ends on January 31. On January 5, the CCC estimated non-committed inventory totaled 704 million bushels.

On January 14, the price of No. 2 Hard Amber Durum was \$4.35, \$1.72 above the effective loan (announced rate less an allowance for storage). The price of No. 1 Dark Northern Spring, ordinary protein at Minneapolis at \$2.54 was just at the effective loan level. Prices at other markets were below the effective loan as follows: No. 1 Soft White at Portland at \$2.35, 8 cents; No. 2 Hard Winter, ordinary protein, at Kansas City at \$2.38, 5 cents; and No. 2 Soft Red Winter at St. Louis at \$2.38, 12 cents.

Total seedings of winter wheat for all purposes in the fall of 1954 are estimated at 43.4 million acres, about 6 percent less than 1953 and nearly one-fourth less than in the fall of 1952. Based on conditions the first of December, the 1955 winter wheat crop is estimated at 679 million bushels. This would be about one-seventh less than the 1954 crop of 791 million bushels and one-fifth below average. Current conditions indicate that 17.3 percent of the acreage seeded this fall will not be harvested for grain leaving 35.9 million acres for harvest. In 1942, when the National acreage allotment was also 55 million acres, the winter wheat harvest was 36.0 million acres, and the total harvest (winter and spring wheat) was 49.8 million acres.

RICE

A national rice acreage allotment of 1,859,099 acres and marketing quotas for the 1955 rice crop based on this acreage were proclaimed by the Secretary of Agriculture on December 30. He also announced January 28 as the date for a referendum among rice producers. At least two-thirds of the producers voting must approve quotas before they can be placed in effect.

The action to establish rice acreage allotments and marketing quotas for the 1955 crop is required by law, because of the extremely large supplies of rice available for the 1954-55 marketing year. The record 1954 crop and the record carryover provide a total supply more than 17 percent above the normal supply. Production of rice in the United States has increased sharply in recent years. The 1954 crop of 59.0 million cwt. of rough rice is about 2-2/3 as much as the 1935-39 average of 22.4 million cwt. Domestic use, including that by the Territories of the United States, accounts for only about half of production. Marketing of the other half is dependent upon foreign demand. Exports have been large enough to absorb the mounting production until 1953-54. On August 1, 1954 carryover totaled 7.6 million cwt., compared with 1.5 million a year earlier and 2.8 million, the 1948-52 average. Exports in the current year to date have been materially below last year, but are expected to increase substantially the rest of the season. However, it is expected that the carryover August 1, 1955 will be further increased.

With the tremendous increase in U. S. rice supplies and small exports in the first 4 months of the current marketing year, current price support activities for 1954 crop rice have been at record levels, with 15.5 million hundredweight placed under support as of December 15, 1954, compared with 1.2 million hundredweight under price support as of the same date a year earlier from the 1953 crop. Up to 140,000 cwt. of rice acquired in price support operations are to be offered for domestic use in nonprofit school lunch programs and charitable institutions and to needy persons. Relatively little of the CCC inventory has moved in recent weeks and this donation will provide an additional domestic outlet for rice.

The 1955 national acreage allotment of 1,859,099 acres is 24.7 percent less than estimated 1954 rice plantings of 2,467,000 acres and about 11 percent below the 5-year average.

If marketing quotas are approved by producers, price support will be available to eligible rice growers at a level between $82\frac{1}{2}$ and 90 percent of parity depending on the level of supply at time price supports are determined. (If marketing quotas are approved and prospective supplies are about as expected at this time, price support for the 1955 rice crop is expected to be near 90 percent of parity.)

If marketing quotas are disapproved, there will be no restrictions on rice marketings. Acreage allotments will remain in effect as a condition of eligibility for price support at a level of 50 percent of parity as required by law when quotas are disapproved by producers. Compliance with rice acreage allotments will also be a condition of eligibility for Agricultural Conservation payments.

The last year during which rice acreage allotments were in effect was for the 1950 crop. Marketing quotas were proclaimed for the 1939 rice crop, but were not approved by producers.

FRUIT

Among fresh fruits remaining to be marketed during the first half of 1955, supplies of oranges and apples are larger than a year ago, but those of grapefruit, lemons, and pears are smaller. Consumer demand for fruit is expected to continue strong, and processor demand for citrus probably will be as good as last winter. The outlook for exports of citrus and apples is better than a year ago.

Although fresh use of 1954-55 crop Florida oranges to January 1 has been about as large as in the comparable period last year, processing has been much smaller. Output of frozen orange concentrate to January 1 was about 5.6 million gallons, compared with 10.6 million a year earlier. Stocks held by packers on January 1, 1955 were about 12 percent larger than a year earlier. Processing of oranges into frozen concentrate for the next few months is expected to run at least as heavy as last winter.

In December 1954, grower prices for oranges for both fresh use and processing averaged moderately under a year earlier. With processors increasing their take of oranges, grower prices for Florida oranges at

least should hold steady this winter and may rise somewhat. Auction prices for California oranges declined considerably during December, and late in the month were substantially lower than a year previously, when the crop was smaller.

Total utilization of the much smaller 1954-55 Florida grapefruit crop by January 1 was moderately lighter than a year earlier. Supplies remaining to be marketed after January 1 were 4 million boxes smaller than a year previously. But this reduction was partly offset by larger supplies in other States, where production is heavier this season. Grower prices in Florida in December 1954 averaged about the same for seedless grapefruit as in December 1953, slightly lower for seeded grapefruit, and considerably lower for pink grapefruit. With total remaining supplies of grapefruit a little smaller than a year ago, prices this winter and spring probably will average at least as high as those of the first half of 1954.

Average United States prices received by growers for apples increased about seasonally from November to December 1954, when they averaged slightly under the relatively high prices of a year earlier. However, in Washington where the crop was smaller in 1954, prices at shipping points in December averaged somewhat higher than a year previously. With the recent allotment of 1.4 million dollars of FOA funds to finance the sales of United States apples to the United Kingdom, exports of apples should increase this winter. Cold-storage stocks of apples on January 1, 1955, as reported by the United States Department of Agriculture, were 25 percent larger than on that date in 1954 but only slightly larger than the 1949-53 average. Cold-storage stocks of pears on January 1, 1955 were moderately smaller than a year earlier. Prices may increase about seasonally this winter.

Holdings of frozen fruits and berries (excluding frozen juices) in cold storage January 1, 1955, were about 5 percent larger than on that date in 1954. But stocks of strawberries, the leading item, were 9 percent smaller.

COMMERCIAL VEGETABLES

For Fresh Market

Production of vegetables for fresh market sale this winter is expected to total 5 percent smaller than a year earlier, according to indications as of January 1, but about equal to the corresponding 1949-53 average. Among the more important vegetables, the reductions in prospect for snap beans, broccoli, cabbage, celery, sweet corn, escarole and tomatoes more than offset the increases indicated for carrots, cauliflower, lettuce, green peppers and spinach. The reduction from 1954 is mainly the result of lower yields due to unfavorable weather in major growing areas. Yields last winter were comparatively high because of better than average weather. The indicated acreage is almost as large this year as last.

Prices received by growers for winter-harvested fresh vegetables are expected to average close to those for the comparable 1954 crop, barring unusual weather and distortions in the marketing pattern. The consumer demand

for fresh vegetables this winter may be a little above that in the winter of 1954. In addition to the smaller supplies of fresh vegetables in prospect, indications are that current stocks of processed vegetables are smaller than a year earlier, and imports of fresh vegetables may not equal those of the winter of 1954.

For Commercial Processing

Supplies of commercially processed vegetables available for distribution during the remainder of 1954-55--largely stocks currently held at packer and distributor levels--are not equal to those of a year earlier. Except for sweet corn and snap beans, stocks of important canned vegetables, as of recent dates, were somewhat smaller than a year earlier, as were those of the frozen vegetables. Total stocks of frozen vegetables in cold storage at the beginning of 1955 totaled 636.4 million pounds, almost 10 percent smaller than a year earlier. Increased holdings of lima beans, snap beans, Brussels sprouts, and sweet corn were more than offset by reductions for the other frozen vegetables. With domestic demand for processed vegetables likely to continue high, stocks of most items at the end of the current marketing year are expected to be smaller than at the end of 1953-54. Although vegetable processors are likely to seek larger planted acreages this year than in 1954 for a number of vegetables, the reductions probable for a few important items may offset these increases. The total acreage planted to processing vegetables in 1955 may not differ significantly from that of last year.

POTATOES AND SWEETPOTATOES

Potato supplies will remain below the very heavy supplies of a year earlier at least until early spring. In addition, production for winter-season harvest this year is expected to total 3.5 million bushels, a little smaller than that of last winter. With supplies smaller and per capita consumption by civilians likely to be close to that of a year earlier, prices received by growers for potatoes in the next few months are likely to continue well above the low levels in the winter of 1954.

Indications as of the beginning of the year are that the acreage planted to potatoes for late spring harvest will be about one-seventh larger than a year earlier. If yields per acre equal the 5-year 1950-54 average, the late spring crop this year would be well above last year.

Through November, the 1954 crop of sweetpotatoes, which was 13 percent smaller than that of 1953, returned lower prices to farmers than a year earlier. During the first half of December, however, growers received \$2.59 per bushel of sweetpotatoes compared with \$2.12 a year earlier. During the remainder of the current marketing year, about the usual seasonal rise in prices from current levels is expected.

DRY BEANS AND PEAS

Total supplies of dry edible beans in 1954-55 are close to those of a year earlier. The quantities of white, red kidney, and blackeye beans available for distribution during the current marketing year are smaller than in

1953-54, but supplies of baby and large limas, and the colored beans (including the pintos) other than red kidney are larger. Prices received by growers for dry beans advanced in every month since September, when the current marketing year began, with the higher prices for the classes of beans in shorter supply more than offsetting declines for those in ample supply. As of mid-December, the average price received for beans was \$8.34 per hundredweight, 23 cents more than a year earlier. For the current marketing year as a whole, farm prices for beans are expected to average at least equal to those in 1953-54.

Supplies of dry peas available for distribution during the remainder of 1954-55 are much smaller than in the same part of the preceding marketing year. The 1954 crop was 3 percent larger than that harvested in 1953 and carryover stocks were also larger, but substantially larger quantities have been sold for export during recent months. The stronger total demand for dry peas thus far this year than in 1953-54 has been reflected in a sharp rise in prices received by growers. Mid-month farm prices of dry peas increased almost 40 percent between October and November, and about 15 percent between November and December. As of mid-December, the average farm price of dry peas was \$6.87 per hundredweight, \$1.29 more than a year earlier, and the highest on record for that month beginning with 1938.

COTTON

During December the average price for middling, 15/16 inch cotton in the 14 spot markets was about 0.2 cent above the November average of 33.73 cents a pound which was the lowest monthly average in the 1954-55 season to date. However, market prices this season have been above those of 1953-54 in every month. For example, the average 10 spot market price on January 18 of 34.08 cents per pound compares with 33.22 cents on the same date a year earlier.

Stocks of upland cotton held by CCC (owned and pledged as collateral against outstanding loans) on January 7 were about 8.5 million bales. This included about 1.7 million bales of the 1954 upland crop and 5 million bales of the 1953 crop held by CCC as collateral against outstanding loans. The total was about 1.6 million above such stocks at the start of the 1954-55 season. The supply not held by CCC is not large enough to meet disappearance the rest of this year.

The average loan rate for Middling, 15/16 inch cotton from the 1954 crop at the 14 spot markets is 33.46 cents per pound. It costs farmers a minimum of 0.8 cent to place cotton in the loan and carry it in loan status for 3 months. This does not include any charge for transporting the cotton to approved warehouses or any equity for withdrawing the cotton.

Exports of cotton from August 1 through October 1954 totaled about 740 thousand running bales compared with about 610 thousand a year earlier. Although official figures for later months are not available, trade reports indicate considerably larger exports during November and December 1954 than during the same months a year earlier. Exports for the entire season are estimated at about 4.5 million bales, compared with 3.8 million bales in 1953-54.

Domestic mill consumption is expected to total around 9 million bales in 1954-55, compared with 8.6 million in the preceding season. The rate of consumption during October and November was above the rates for the same months of 1953. Trade reports indicate that substantial orders for gray goods were placed during the first few days of January and the last week or so of December.

Total disappearance during the 1954-55 marketing year is estimated at about 13.5 million bales, compared with 12.4 million a year earlier. The supply in 1954-55 is estimated at about 23.3 million bales. Subtracting estimated disappearance from the estimated supply indicates a carryover on August 1, 1955 of about 9.8 million bales. This would be about 200 thousand bales larger than the 1954 carryover.

About 97 percent of the indicated 1954 crop of 13.5 million bales or approximately 13 million bales had been ginned by December 13. This was the most rapid rate of ginning since 1943. In 1953 about 93 percent of the crop had been ginned by this date.

WOOL

Prices of most wools at auctions in the British Dominions at mid-January were a little lower than a month earlier and 10-20 percent, depending on type, lower than a year earlier. They have been below a year ago since the beginning of the current season. Boston quotations for most domestic descriptions at mid-January were about the same as in mid-December but ranged from 5 to 15 percent below a year earlier. The reduction in prices, both here and abroad, reflect the slightly larger world supply as well as a slightly easier world demand. Quotations for most domestic wools were below CCC price support loan rates as they have been since early November. The amount of wool under loan increased about 2 million pounds during November so that the total under loan as of the end of that month was about 34 million pounds, actual weight.

Consumption of apparel wool in the United States during the month of November was at a weekly rate of about 4.8 million pounds, scoured basis, compared with 5.0 million pounds the month before and 4.7 million pounds a year earlier. The rate of carpet wool consumption, 2.3 million scoured pounds, per week, compared with 2.4 the month before and 2.3 a year earlier.

Imports of dutiable wool during the first 10 months of 1954 were about 42 percent below those of the same months of 1953. Imports of duty-free wool were about 25 percent lower.

Details of the 1955 payments program for shorn and pulled wool were recently announced. Under the program, payments for wool on animals marketed (pulled wool compensating payments) will be made on lambs or yearlings with full wool pelts sold for slaughter.

TOBACCO

A large proportion of the 1954 Burley crop has been marketed and through mid-January, auction prices averaged about 50.1 cents per pound--5 percent less than in the comparable period of last season. Sales of 1954 crop indicate that production exceeds the estimate of 616.9 million pounds. Receipts for loan under the price support program have been heavy--over 30 percent of deliveries compared with 15 percent last season. Total supplies of the major cigarette tobaccos, flue-cured and Burley, are 4 and 5 percent larger for 1954-55 than for 1953-54. The 1955 acreage allotments have been reduced. The 1954 cigarette output is estimated at near 407 billion compared with 423 billion in 1953. The 1955 cigarette consumption is expected to range near the level of the last few years. Further gains in filter tips are likely.

At auctions for the dark air-cured types 35 and 36, prices averaged 34.2 and 34.5 through mid-January of this season--well above last season when quality was poorer. The auction average for Virginia sun-cured (type 37) through mid-January was 32.6 cents--slightly higher than a year earlier.

Auction prices for Virginia fire-cured (type 21) averaged 34.8 cents per pound for sales from late November through mid-January--slightly lower than a year earlier. The auctions for Kentucky-Tennessee fire-cured began on January 7 (type 23) and January 10 (type 22). Early season prices for these types averaged about 31.8 and 39.2 cents per pound--a few cents higher than comparable averages a year ago when there was more lower quality tobacco than usual.

Fire-cured is principally used domestically in snuff and dark air-cured in chewing tobacco. The 1954 output of chewing tobacco estimated at 82 million pounds was about 2 percent lower than 1953, but the 1954 output of snuff estimated at near 39 million pounds may have slightly exceeded the 1953 figure.

Smoking tobacco output for 1954 is estimated at 83 million pounds--4 percent less than for 1953. Cigar consumption in 1954 probably was about 6 billion--slightly less than in 1953.

Exports of unmanufactured tobacco in October were the largest for any month for which monthly data are available. The bulk of the large October shipment was flue-cured. During July-October, the first third of the 1954-55 marketing year for flue-cured, exports of this major export class were one-tenth larger than in the comparable period of 1953-54.

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